



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

04-37

Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

FOR IMMEDIATE RELEASE
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California Department of Corporations Cuts Costs for Small Businesses and Government by Expanding Online Filing of Securities Transaction Notices

SACRAMENTO --- The California Department of Corporations announced today a proposal to amend the Corporate Securities Law of 1968 to allow small California businesses that raise capital to electronically file their Limited Offering Exemption Notice (LOEN) filings for securities transactions. This change will affect private placement offerings and certain private, non-public securities transactions in California. The proposed amendment to Rule 260.102.14 requires the notice to be filed electronically on line using the Department of Corporation's Web Site, www.corp.ca.gov.

"The goal of providing the electronic filing of Limited Offering Exemption Notices is to reduce operating costs for California businesses, improve government efficiency and service to the public, and provide greater accuracy of the information submitted," said Corporations Commissioner William P. Wood. "Currently, nearly ten percent of all LOEN filings submitted on paper contain errors that require follow-up by Department staff, including lack of signature and incorrect fee amounts. These errors will be all but eliminated when filings are done online and streamline the process."

The Department receives approximately 30,000 LOEN filings annually, which compromises more than 70 percent of all filings received. Paper filings take between 10 and 30 minutes per filing for staff to process, while notices submitted online take less than one minute to process.

An exception to the electronic filing rule is provided for demonstrated cases of hardship. A paper LOEN may be filed in person or by mail in cases where computer equipment, including hardware and software, is unavailable to the issuer without unreasonable burden or expense, or the issuer cannot obtain and provide information requested on the Department's electronic notice or Internet filing process.

Any interested person may submit written comments relevant to the proposed rule change to the Department of Corporations no later than 5:00 p.m., October 11, 2004. The proposed amendment and contact information is available on the Department's web site at www.corp.ca.gov.

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department's web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).